


# Five-year Analysis of Prescription Drug Use and Spending by Indiana Medicaid Members

State Fiscal Years 1996-2000

In response to the  
heightened awareness of the  
increased spending and utilization  
of prescription drugs throughout  
the nation, this presentation  
was developed to focus on the  
impact this spending and  
utilization has had on the  
Medicaid members  
in Indiana.

# Outline

- Summary of Overall Drug Trends
- Expenditure Trends for Legend Drugs
- Utilization Trends for Legend Drugs
- Top 10 Legend Drug Classes
- Prescribing Providers
- States' Comparisons



# Overview of Prescription Drugs in the Indiana Medicaid Program

# Growth in the Indiana Medicaid Program

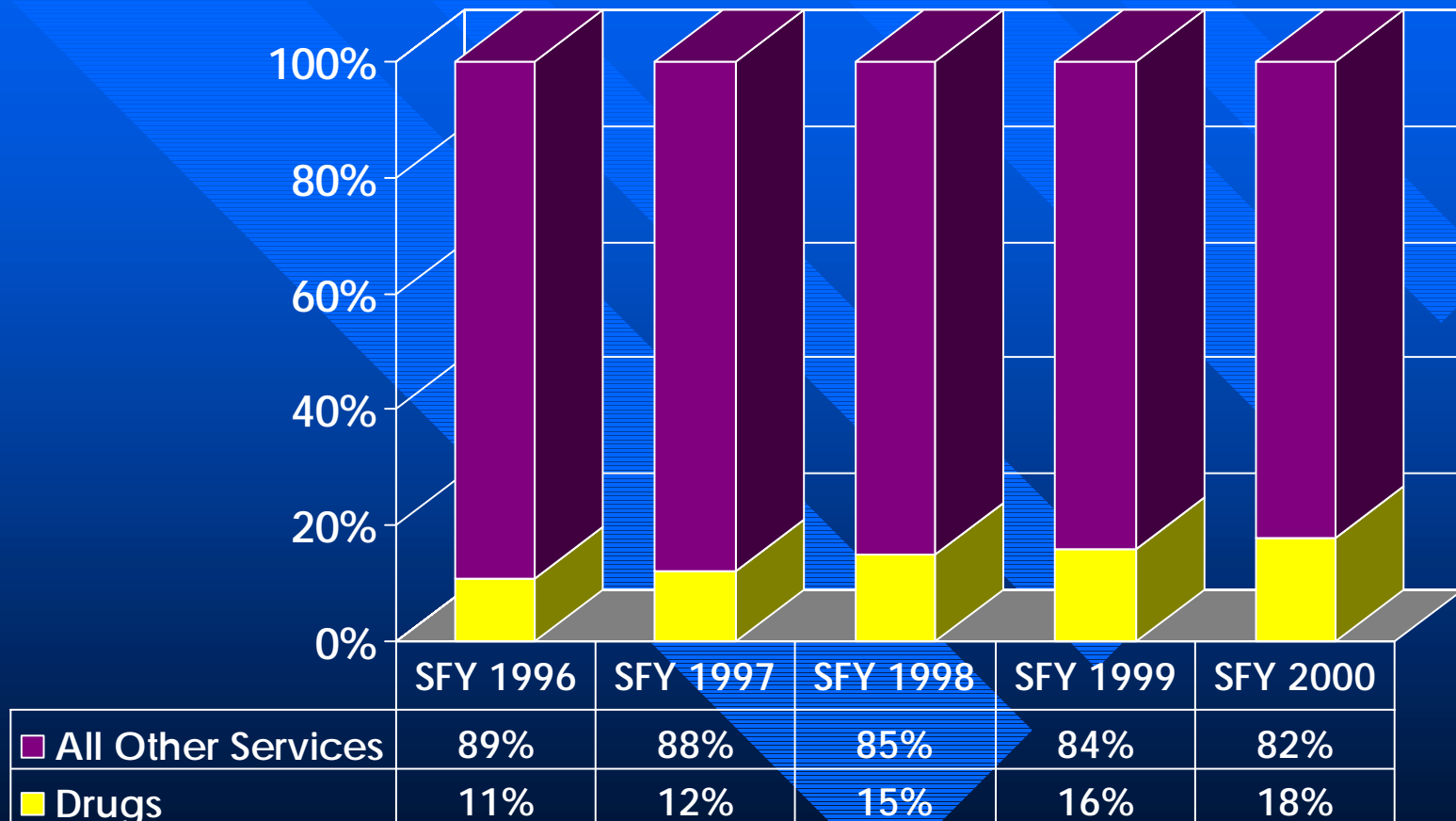
- Total Medicaid spending in SFY 1996 was \$2.4 billion compared to \$2.9 billion in SFY 2000 (20% increase)
- Total prescription drug spending in Medicaid increased from \$262 million to \$454 million between SFY 1996 to 2000 (73% increase)

# Total Medicaid Spending vs. Total Drug Spending

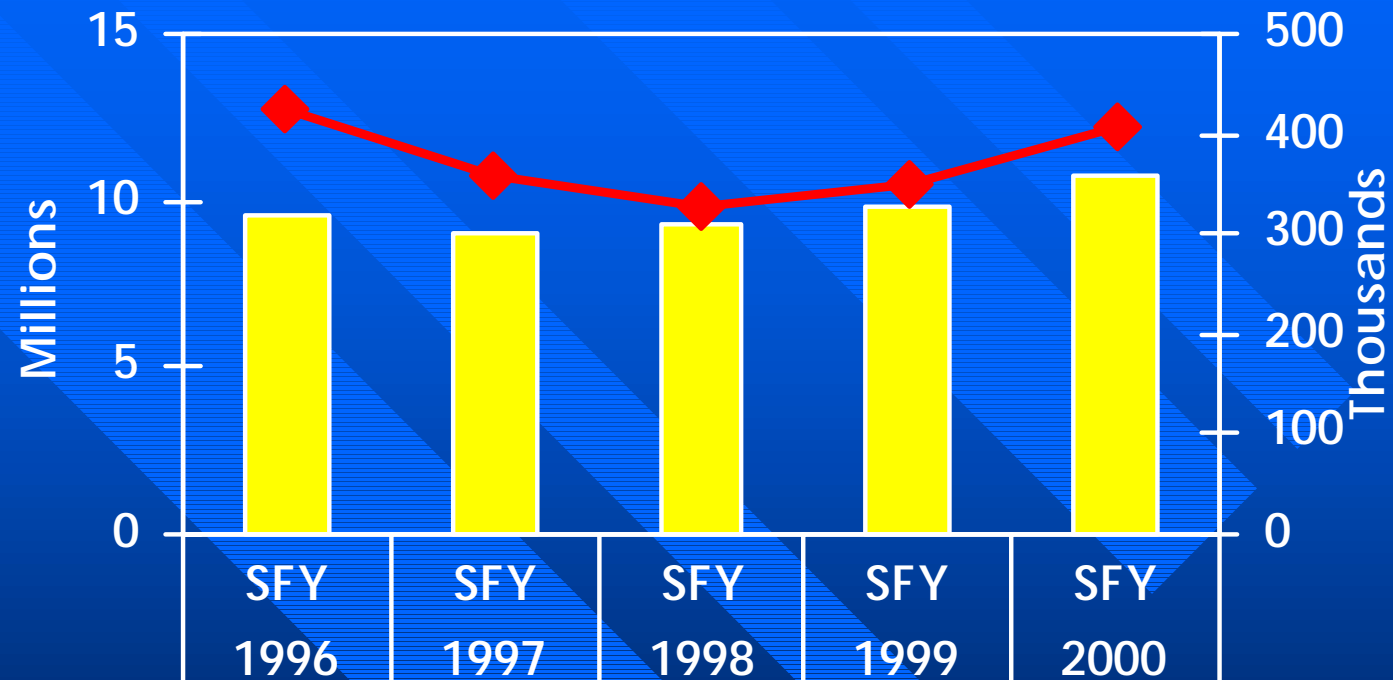
- Over the past several years, the growth rate for drug expenditures has greatly exceeded that of total Medicaid spending.
- In SFY 2000, the percent increase in drug spending was more than twice the increase in spending for all Medicaid services.
- Share of drug spending is growing in its impact on the total Medicaid spending.

Percent Change in Spending		
	<i>Medicaid Spending</i>	<i>Drug Spending</i>
SFY 1996	20%	13%
SFY 1997	-3%	5%
SFY 1998	3%	14%
SFY 1999	11%	18%
SFY 2000	10%	24%

# Drugs as a Percentage of Medicaid Spending



# Prescription and Drug Recipient Trends



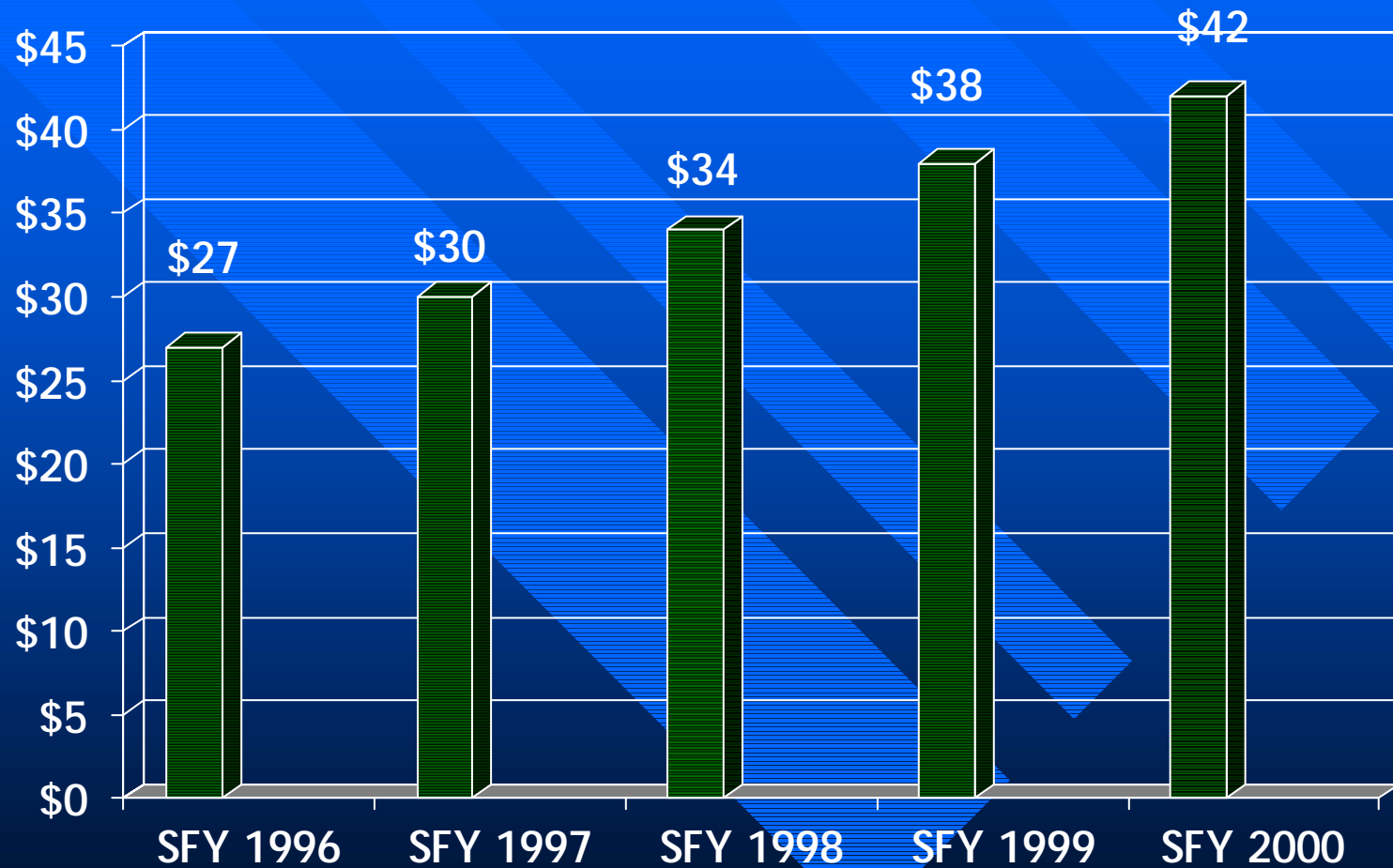
 Millions of Scripts	9.6	9	9.3	9.8	10.8
 Thousands of Recipients	426	360	326	349	409



# Prescription Volume and Recipient Trends

- Number of prescriptions has fluctuated between 9-11 million per year.
- Number of recipients receiving drug benefits has not changed overall between SFY 1996 and SFY 2000, although there was a slight decline in SFY 1998.
- Average price per prescription increased more than 50% between SFY 1996 to 2000.

# Average Price Per Prescription



# Legend Drugs

- Legend drugs are drugs that can be obtained only from a pharmacist with a prescription written by a physician.
- 95% of total Medicaid drug spending is for legend drugs
- 85% of number of prescriptions written for patients in Medicaid program are for legend drugs

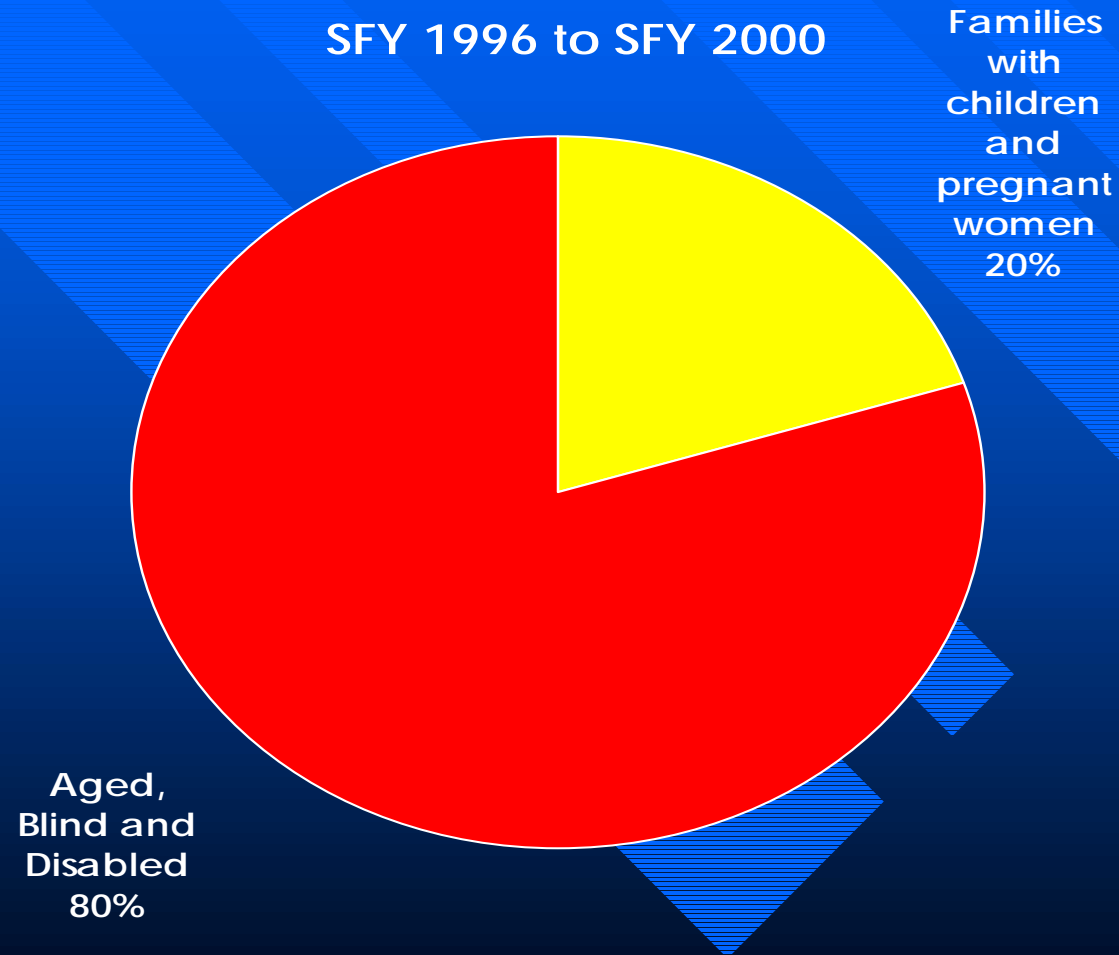
## Please remember...

- Legend drug data are used for remaining of this presentation
- Legend drugs discussed in these analyses do not include those drugs received while patients were treated in an inpatient care setting.
- These data represent Traditional Fee-For-Service Medicaid and Primary Care Case Management populations. Members enrolled in managed care organizations (MCOs) are not included in the analysis.

# Expenditure Trends for Legend Drugs

# Percentage of Drug Spending by Population

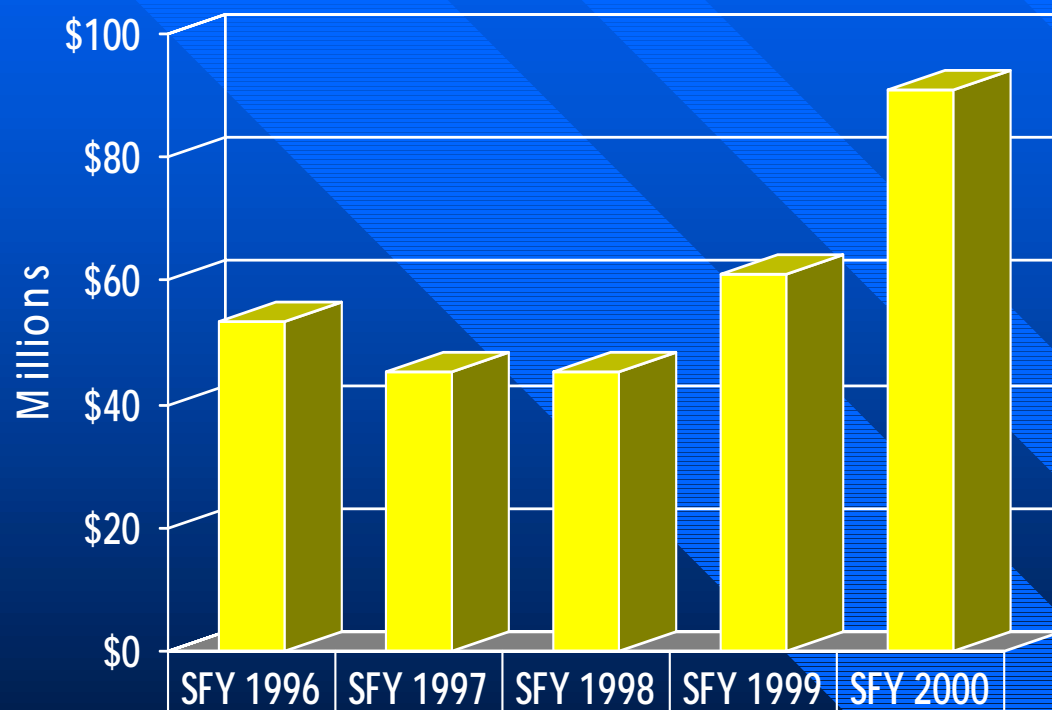
SFY 1996 to SFY 2000



# Percentage of Drug Spending by Population

- The majority (approximately 80%) of Medicaid drug spending is for the Aged, Blind and Disabled populations.
- The percentage of spending by the respective populations has not changed significantly during the past 5 years.

# Legend Drug Spending Children and Families



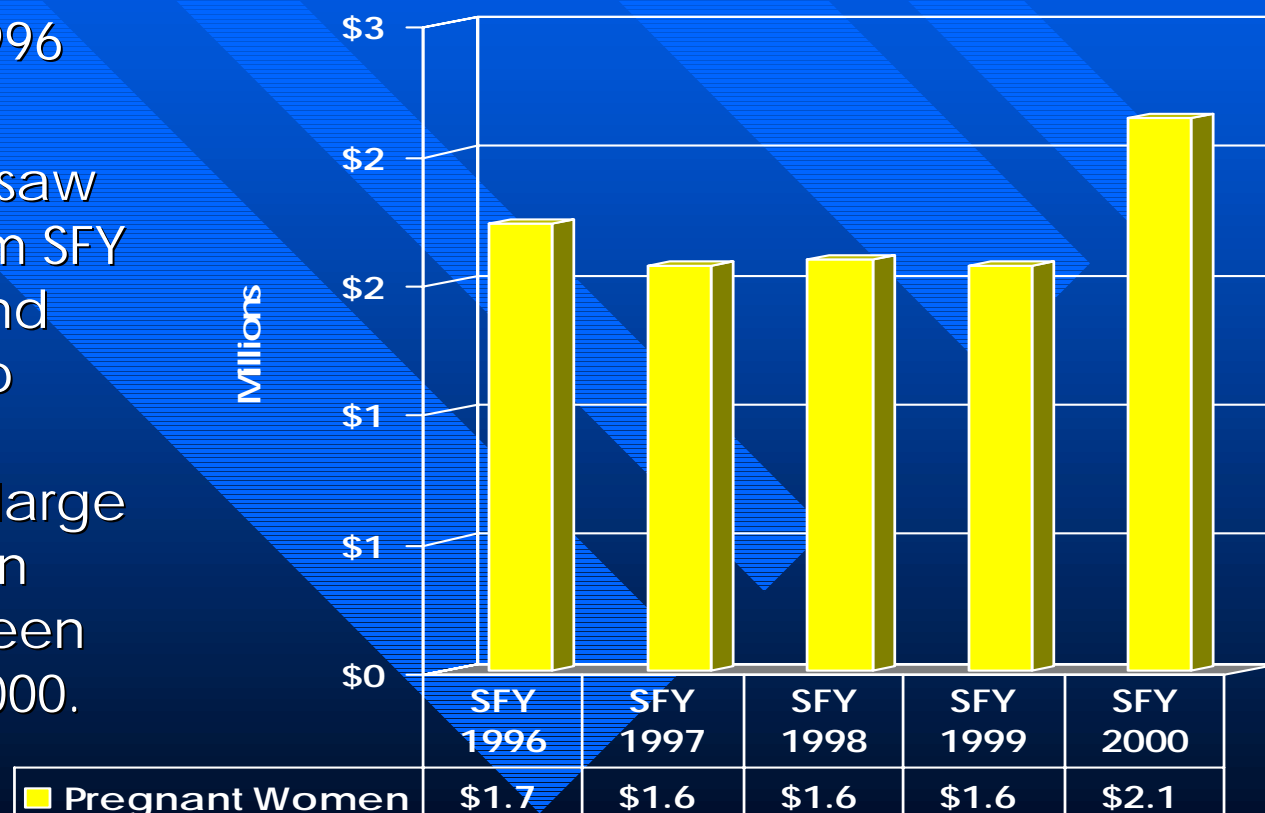
- Total drug spending for children and families increased by 70% between SFY 1996 and 2000.

- Major increases occurred between SFY 1998 -1999 and SFY 1999 - 2000, with 35% and 50% increases, respectively.



# Legend Drug Spending Pregnant Women

- Drug spending by pregnant women has increased 24% between SFY 1996 and 2000.
- This population saw a decrease from SFY 1996 to 1997, and from SFY 1998 to 1999, but experienced a large increase (35%) in spending between SFY 1999 and 2000.



# Legend Drug Spending Aged, Blind and Disabled



■ Steady increase between SFY 1996 and 2000, growing 75%.

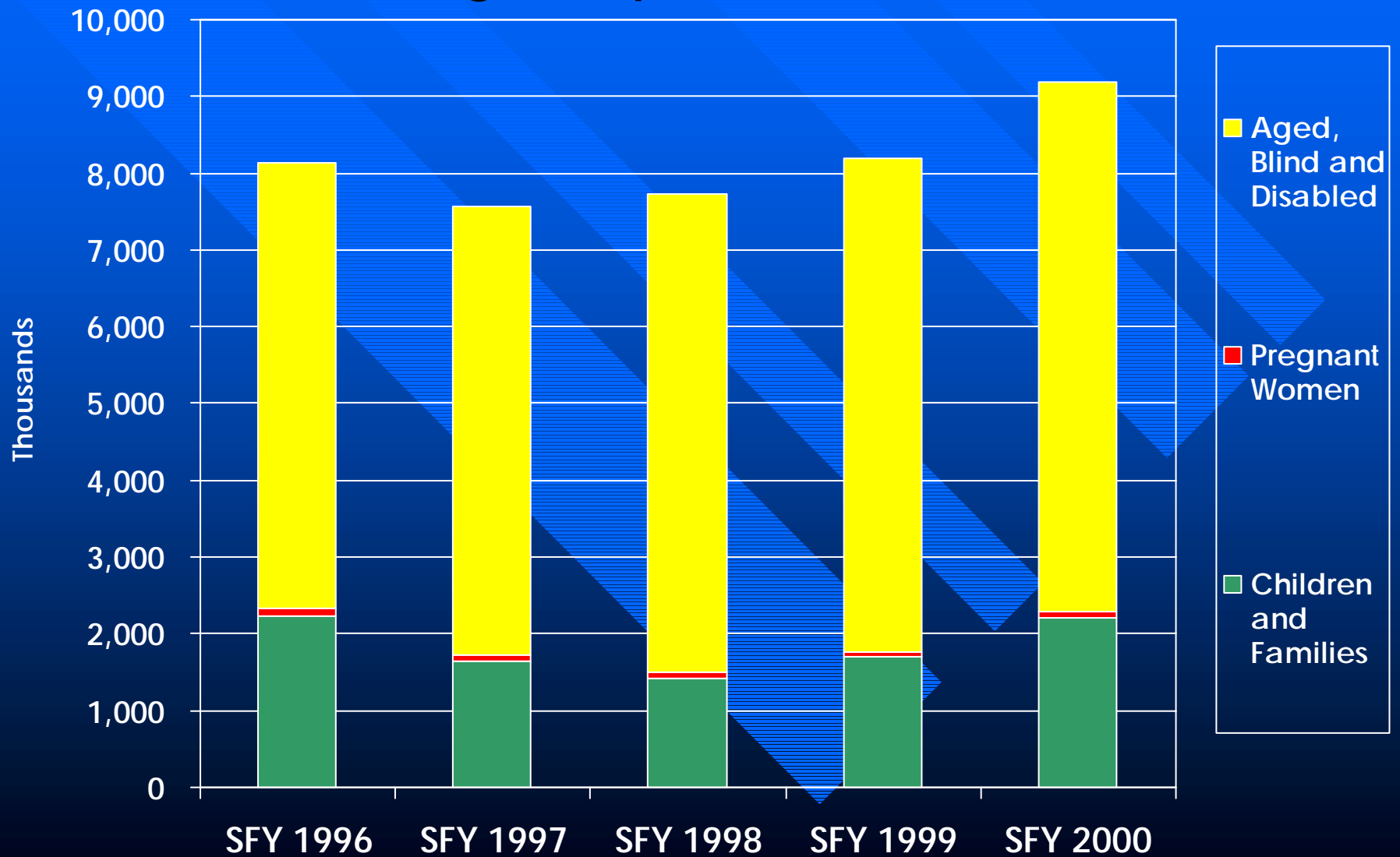
# Summary of Legend Drug Spending Trends

- Overall drug spending increased 75% between SFY 1996 and 2000.
  - 70% in Children and Families
  - 24% in Pregnant Women
  - 75% in Aged, Blind and Disabled
- Some of significant increase in drug spending among children is explained by increased enrollment in children, as well as increased awareness of the Hoosier Healthwise program.
- Increase in the Aged, Blind and Disabled populations is somewhat explained by the new medications, that while costly, have improved the health and quality of life of these members.



Utilization

# Number of Prescriptions by Population



## Legend Drug Utilization

- Aged, Blind and Disabled account for 70-80% of total number of prescriptions, while Children and Families make up most of the remaining prescription use.
- Although the number of prescriptions filled in SFY 1997 slightly declined, since that time there has been a steady increase in number of prescriptions.

# Cost per Prescription

# Average Cost per Prescription Trends

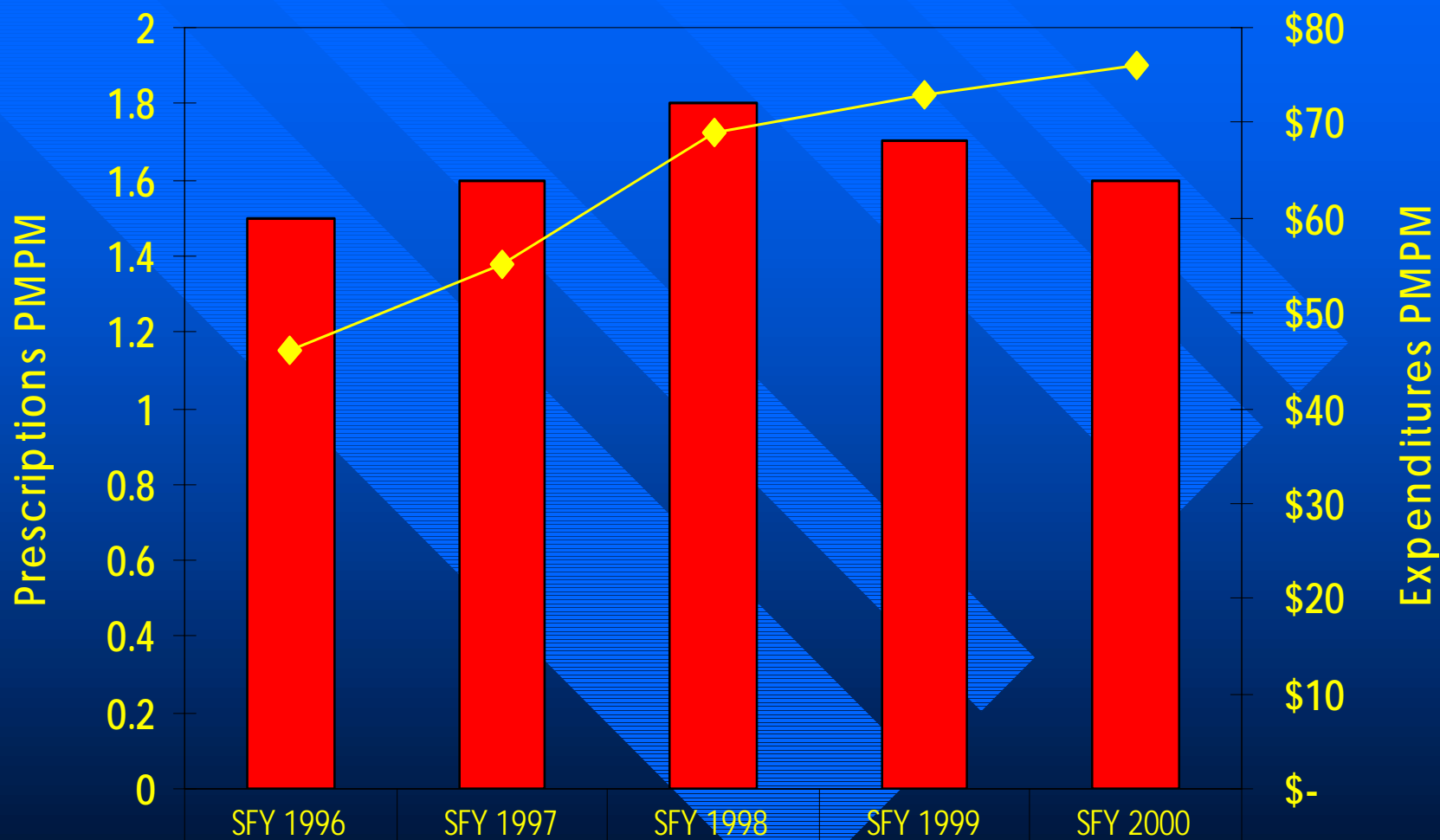
- Average cost per prescription for these Medicaid populations has increased approximately 60% between SFY 1996 to SFY 2000.
- This increase has been seen proportionally across all population groups and subgroups.





# Per Member Per Month Trends

# Total Medicaid Drug Per Member Per Month Trends



Prescriptions PMPM

Expenditures PMPM

1.5

1.6

1.8

1.7

1.6

\$46

\$55

\$69

\$73

\$76

# Per Member Per Month Trends

- Number of prescriptions PMPM has not varied throughout years, remaining consistent at approximately 1.5 prescriptions PMPM.
- PMPM cost has increased 65% between SFY 1996 and 2000, increasing from \$46 to \$76.
- Largest cost increase occurred from SFY1996 to 1998.

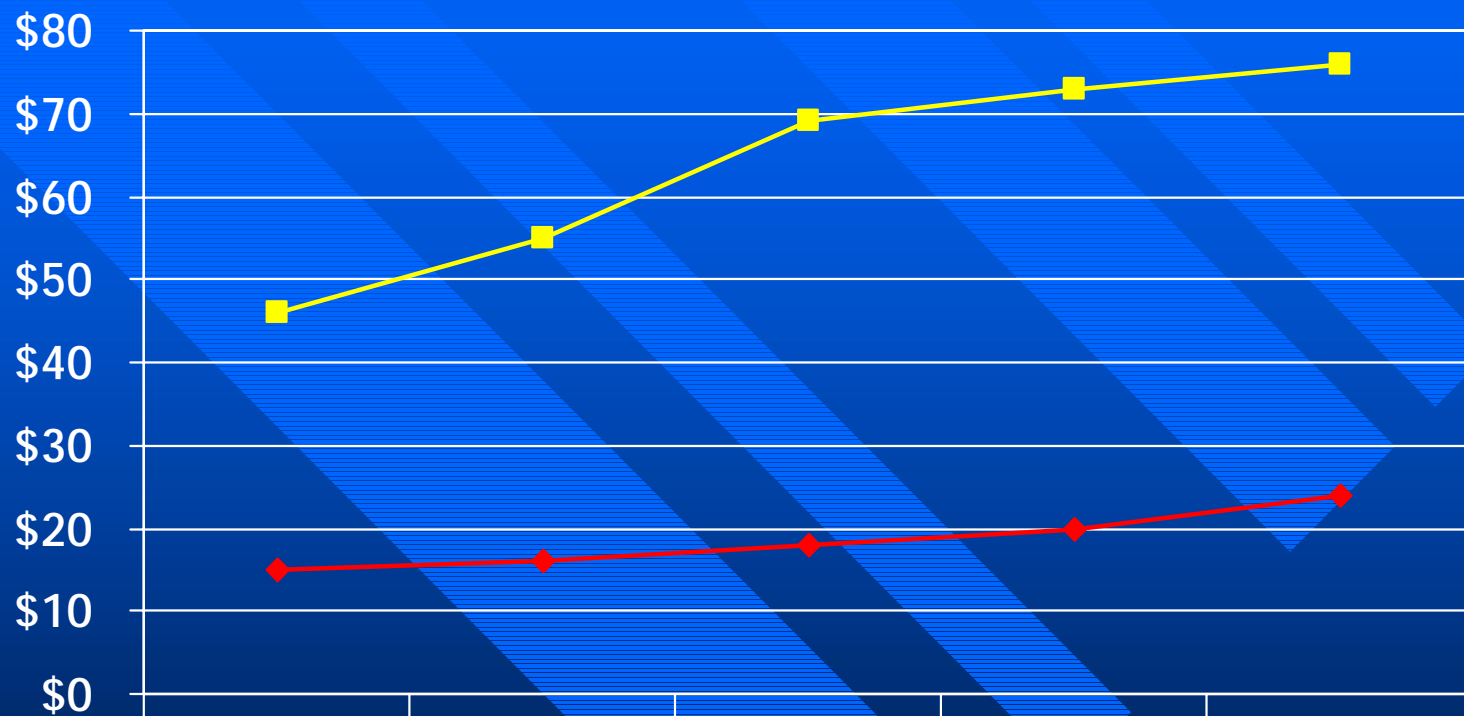
# Legend Drug Prescriptions Per Member Per Month

	SFY 1996	SFY 1997	SFY 1998	SFY 1999	SFY 2000
Children and Families	0.6	0.6	0.6	0.6	0.6
Pregnant Women	0.4	0.4	0.4	0.4	0.5
Aged, Blind and Disabled	3.8	3.8	4.1	4.1	4.2
Total	1.5	1.6	1.8	1.7	1.6

# Prescriptions Per Member Per Month

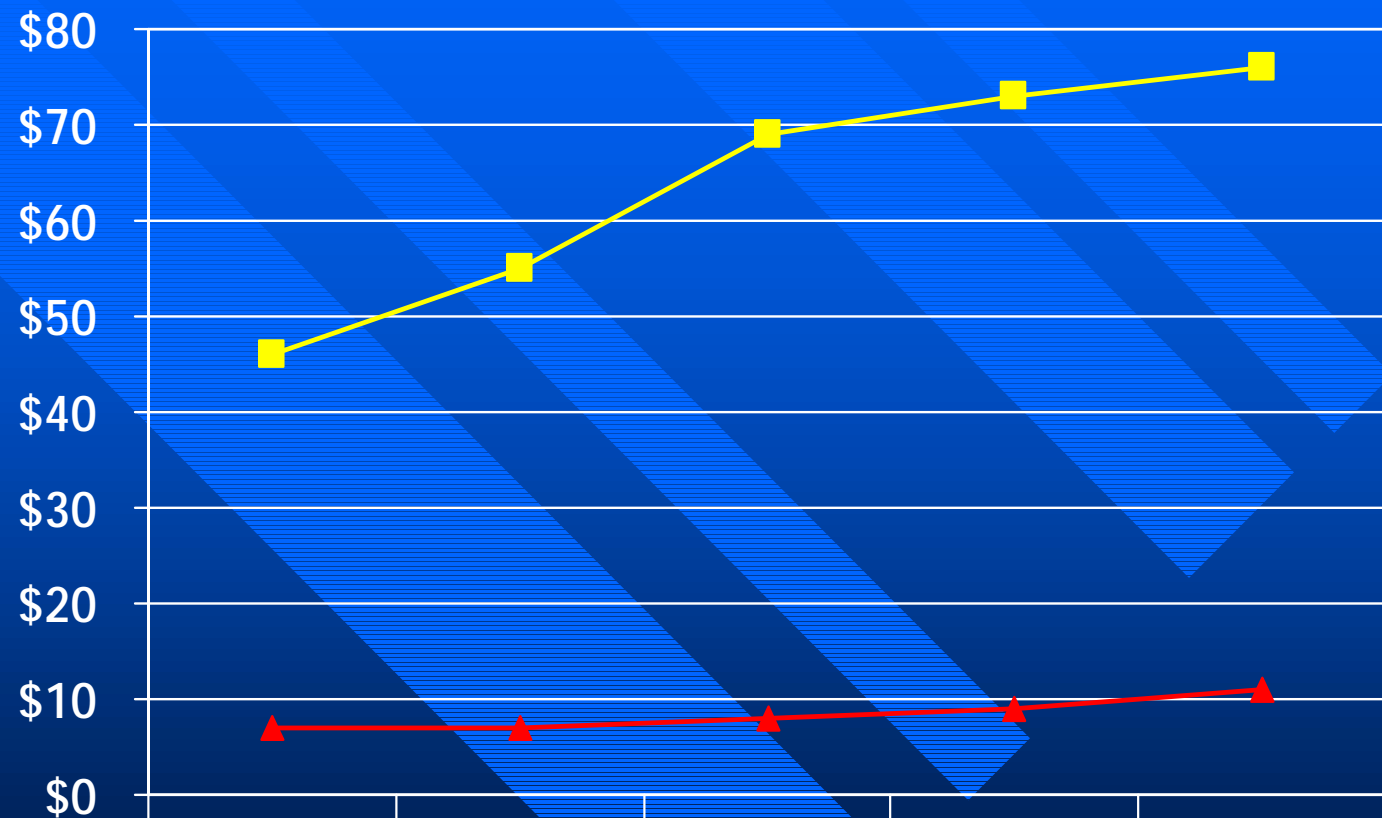
- Aged, Blind and Disabled populations have several prescriptions, approximately 4 PMPM.
- Children and Families, as well as Pregnant women average less than 1 prescription PMPM.
- Overall, all populations average 1.5-2 prescriptions PMPM.

# Per Member Per Month Expenditures Children and Families



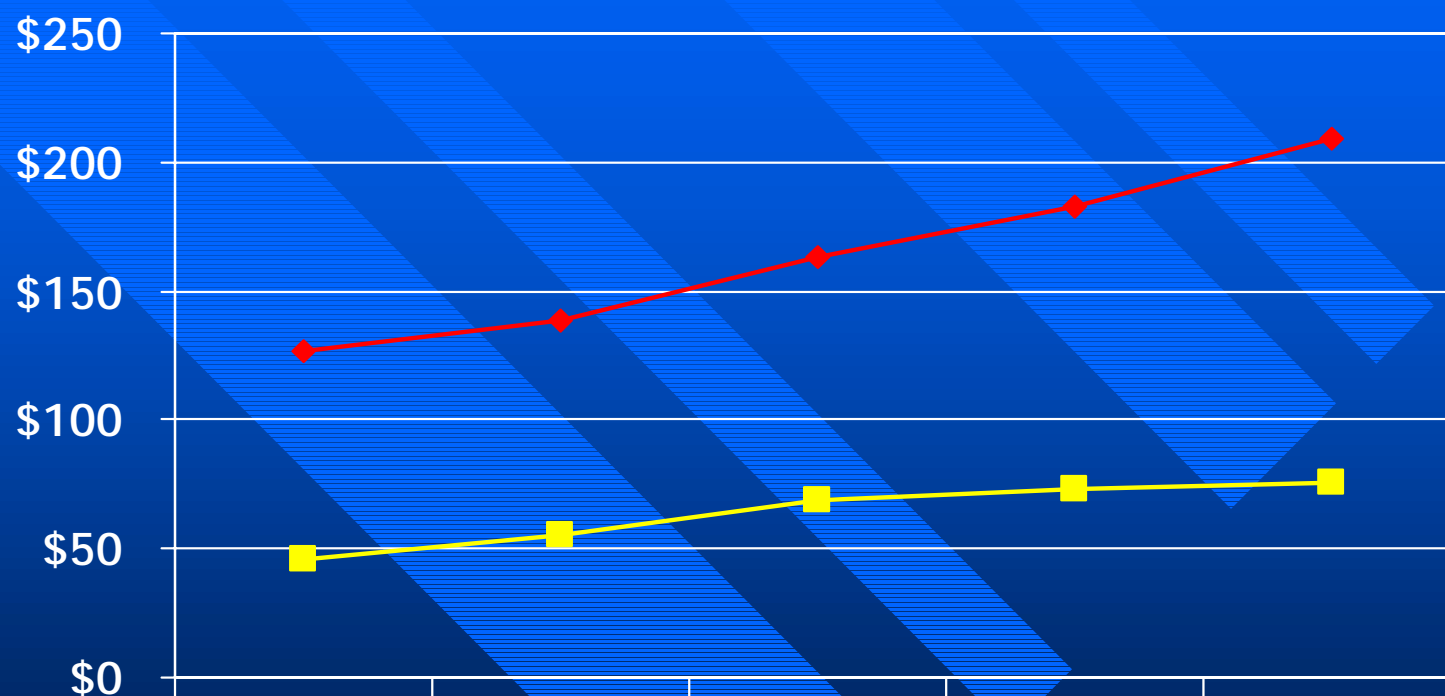
	SFY 1996	SFY 1997	SFY 1998	SFY 1999	SFY 2000
◆ Children and Families	\$15	\$16	\$18	\$20	\$24
■ All Medicaid	\$46	\$55	\$69	\$73	\$76

# Per Member Per Month Expenditures Pregnant Women



	SFY 1996	SFY 1997	SFY 1998	SFY 1999	SFY 2000
▲ Pregnant Women	\$7	\$7	\$8	\$9	\$11
■ All Medicaid	\$46	\$55	\$69	\$73	\$76

# Per Member Per Month Expenditures Aged, Blind and Disabled



◆ Aged, Blind and Disabled	\$127	\$139	\$163	\$183	\$209
■ All Medicaid	\$46	\$55	\$69	\$73	\$76



## Summary of PMPM Cost Trends

- **Children and Families** have a modest PMPM cost, ranging from \$15-24 between SFY 1996 and SFY 2000.
- **Pregnant Women** also have a minimal PMPM cost (\$11) in SFY 2000.
- **Aged, Blind and Disabled** have most significant PMPM costs of \$209 in SFY 2000, which increased 75% over time.

# Top 10 Drug Classes

# Top 10 Drug Classes by Expenditures

Drug Class	Payments (millions)	% of Total Drug Spending
Psychotherapeutic Agents	\$84.9	20%
Gastrointestinal Drugs Misc	\$41.4	10%
Analgesics/Antipyretics	\$34.1	8%
Anticonvulsants	\$25.1	6%
Antibiotics	\$22.5	5%
Cardiac Drugs	\$21.0	5%
Unclassified	\$17.8	4%
Coagulant/Anticoagulants	\$16.9	4%
Anxiolytics/Sedatives/Hypnotics	\$12.9	3%
Antihistamine Drugs	\$9.9	2%

# Top10 Drug Classes by Prescriptions

Drug Class	Prescriptions (thousands)	% of Total Drug Spending
Psychotherapeutic Agents	961	20%
Analgesics/Antipyretics	929	8%
Antibiotics	667	5%
Cardiac Drugs	654	5%
Gastrointestinal Drugs Misc	467	10%
Anxiolytics/Sedatives/Hypnotics	458	3%
Anticonvulsants	393	6%
Diuretics	380	1%
Antihistamines	293	2%
Sympathomimetic Agents	271	2%

# Summary of Top 10 Drug Classes

- Top 10 drugs by expenditures account for 66% of total drug spending in SFY 2000.
- Those drug classes on the top 10 list by number of prescriptions filled make up 62% of total drug spending.

# Top Drug Classes by Expenditures Children and Families

## ■ Children

- Antibiotics
- Coagulants and Anticoagulants
- Psychotherapeutic Agents
- Stimulant, Respiratory and Cerebral

## ■ Adults

- Gastrointestinal Drugs
- Analgesics/Antipyretics
- Psychotherapeutic Agents

# Top Drug Classes by Expenditures Pregnant Women

- Antibiotics
- Anti-Infectives
- Multivitamins

# Top Drug Classes by Expenditures Aged, Blind and Disabled

- Psychotherapeutic Agents
- Gastrointestinal Drugs
- Anticonvulsants



# Prescribing Providers

# Top Prescribing Provider Specialties and Percent of Total Drugs Prescribed

- Family Practitioner-31%
- General Internist-19%
- Psychiatrist-12%
- General Practitioner-4%
- General Pediatrician/Pediatrician-7%
- All Others-27%

# Provider Specialties Prescribing Drugs

- Half of drugs are prescribed by Family Practitioners and General Internists
- Significant amount (12%) are prescribed by Psychiatrists, illustrating volume of psychotropic medications prescribed

# Indiana Compared to Other States

# States' Comparisons

## Drug Payments per Recipient

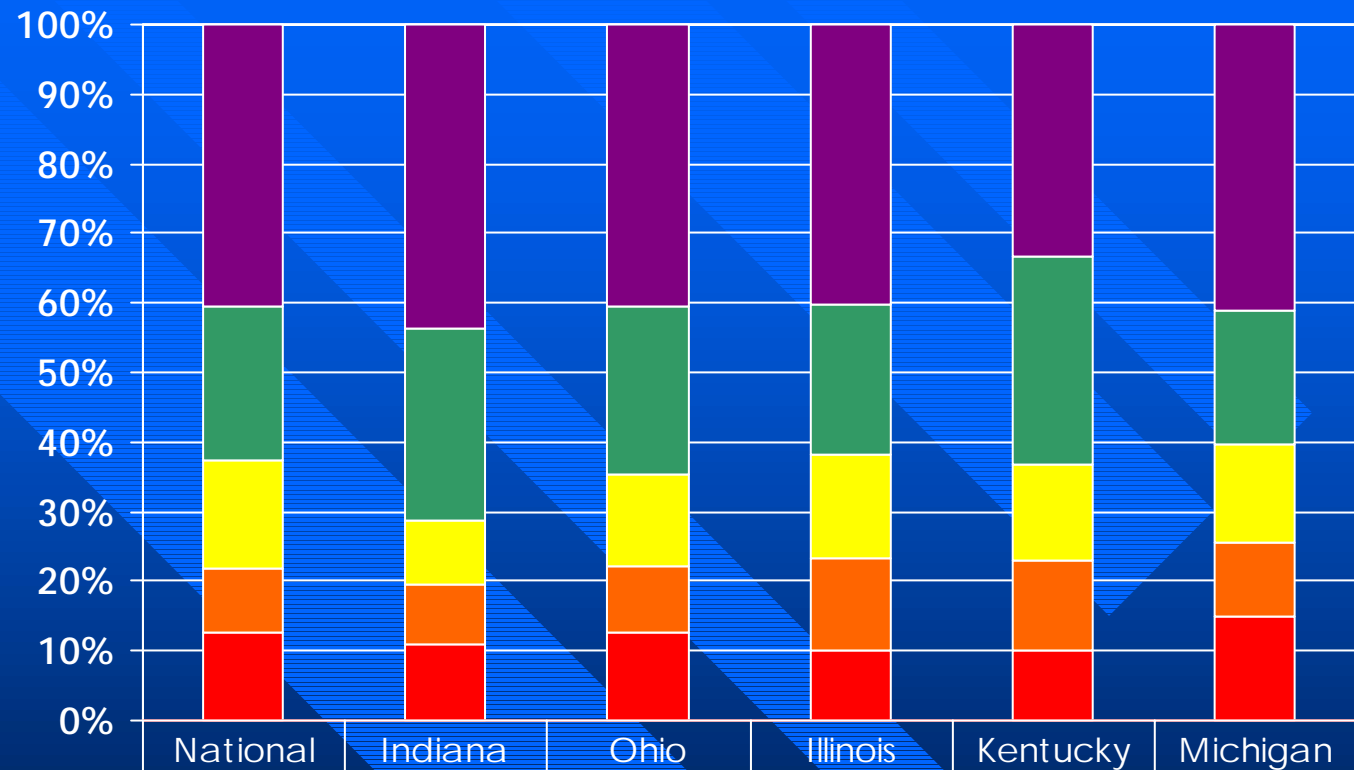


# States' Comparisons

## Drug Payments per Recipient

- It is difficult to compare States' Medicaid programs, as each program is unique. Therefore, neighboring states represented are for informational purposes only and no direct comparisons should be made.
- Indiana's drug payments per recipient is considerably higher than the national average. In 1996, Indiana's payments per recipient were 40% higher, while per recipient payments were 70% higher than the national average in 1997 and 1998.

# Top 5 Drug Classes by Payment, 1998



■ Psychotherapeutics	17.4%	21.9%	18.9%	17.5%	16.0%	18.8%
■ Misc. Gastrointestinal Drugs	9.5%	13.9%	11.1%	9.4%	14.4%	8.8%
■ Cardiovascular Drugs	6.6%	4.6%	6.2%	6.5%	6.6%	6.5%
■ Antibiotics	4.0%	4.3%	4.4%	5.8%	6.3%	4.80%
■ Analgesics and Antipyretics	5.4%	5.5%	5.9%	4.4%	4.8%	6.90%

## Top 5 Drug Classes by Payment, 1998

- Again, information on neighboring states is supplied as additional information.
- Indiana spends 4.5% more than the national average for psychotherapeutic and gastrointestinal drugs, respectively.
- Data discussed earlier on top drug classes for SFY 2000, is fairly consistent with data reported for FFY 1998 by the National Pharmaceutical Council.



# Conclusions

- Growth in pharmaceutical use has been seen across the nation in the public and private sector.
- Newer medications resulting in higher costs have contributed to increased drug expenditures.
- Increased utilization by patients is also driving expenditures.
- Trends will continue, therefore we must work to assess the appropriateness of medications, conduct research on the most cost-effective and health-effective drugs.

# Sources

- Indiana Medicaid paid claims data from SFY 1996-2000
- Data prepared by The MEDSTAT Group, Inc. on behalf of the Office of Medicaid Policy and Planning
- Data for States' Comparisons used National Pharmaceutical Council (NPC), Pharmaceutical Benefits Under State Medical Assistance Program, 1999. Data within this publication used HCFA reports 1998.